

# Frequently Asked Questions for Consumers

May 7, 2009 5:00 p.m. CDT

**American  
General**  
Life Companies

## Q. Is my policy safe?

A. Yes. Our insurance companies remain well-capitalized. We have ample reserves and capital to meet our long-term obligations to policy holders. We continue to operate normally, serving our clients with professionalism and integrity.

## Q. Can you tell me more about how policies are protected?

A. Insurance is a highly regulated industry. All insurance companies doing business in the United States are regulated by state law, and required to maintain enough capital and surplus to satisfy their obligations to their policy holders. The type and quantity of investments in which insurance companies may invest surplus capital is also limited by state law.

Although various companies owned by American International Group, Inc., (AIG) are part of a larger insurance holding company system — including American General Life Companies insurers — each company is individually responsible for the liabilities associated with the business that it sells. In addition, each insurer is individually regulated by its state of domicile for compliance and financial solvency independent of its parent or affiliates. This includes ongoing financial reporting to the regulator and undergoing periodic financial examination.

In accordance with state insurance requirements and investment guidelines, an insurer's general account is primarily invested in high-quality investment grade fixed income securities (bonds). The investment objective of the general account is to optimize yield, adjusting for credit risk, liquidity and liability characteristics.

State insurance regulations are substantial and are designed to preserve and enhance the solvency of each insurer's general account and to assure that the contractual obligations to its policy holders are fulfilled. These regulations, along with the conservative investment requirements, help to safeguard policy holders.

## Domestic Life Insurance Companies' Financial Strength Ratings *as of March 2, 2009*

Agency	Rating	Descriptor	Definition
Standard & Poor's <sup>1</sup>	A+	Strong	"An insurer rated 'A' has STRONG financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings."
Moody's Investors Service <sup>2</sup>	A1	Good	"Insurance companies rated 'A' offer good financial security. However, elements may be present, which suggest a susceptibility to impairment some time in the future."
Fitch Ratings <sup>3</sup>	AA-	Very Strong	"Denote a very low expectation of ceased or interrupted payments. They indicate VERY STRONG capacity to meet policyholder and contract obligations on a timely basis. This capacity is not significantly vulnerable to foreseeable events."
A.M. Best Company <sup>4</sup>	A	Excellent	"Assigned to companies that have, in our opinion, an EXCELLENT ability to meet their ongoing insurance obligations."

<sup>1</sup> Negative outlook, <sup>2</sup> Developing outlook, <sup>3</sup> Rating watch evolving, <sup>4</sup> Negative outlook

For more detailed information on specific insurer ratings visit [www.americangeneral.com/ratings](http://www.americangeneral.com/ratings).

It is important to note that the guarantees related to individual American General Life Companies insurers' life policies and annuity contracts are backed by the general account of the respective issuing companies. These general accounts support only the obligations of American General Life Companies insurers and are not obligated to support any other AIG businesses. If you would like to see what the state insurance regulators and the National Association of Insurance Commissioners have to say on this matter, please go to the Answer Center on [www.americangeneral.com](http://www.americangeneral.com).

## Q. What are your current ratings?

A. The table on this page provides ratings of the American General Life Companies as of March 2, 2009. For more detailed information, please visit the individual rating agency Web sites.

## Q. What do ratings mean?

A. Independent ratings agencies, such as A.M. Best and Standard & Poor's, provide opinions on an organization's ability to meet its financial obligations to its policy holders, creditors and shareholders. Generally there are two components to ratings — a credit rating and a financial strength rating. Credit ratings, or long-term debt ratings, are an evaluation by the

ratings agencies of the creditworthiness of an organization and its ability to pay its short- and long-term debt. Financial strength ratings are an evaluation by the ratings agencies of an insurer's ability to meet its obligations to its policy holders.

## Q. What can you tell me about the recent news stories saying AIG paid out additional bonuses in 2008 that were previously undisclosed?

A. Congress asked AIG for additional information regarding all performance compensation paid to employees around the world. AIG has provided details on some 374 variable performance plans for work done by lower level employees last year. These are not new payments and are not part of AIG's corporate executive bonus pool, which AIG reported in March totaled approximately \$120 million.

AIG will continue to closely scrutinize all ongoing compensation planning to ensure that future awards are absolutely critical to the business and in the best interests of taxpayers.

For information about AIG, please contact the AIG main office at 1-877-638-4244 or via e-mail at [AnswerCenter@AIG.com](mailto:AnswerCenter@AIG.com).

**Q. AIG announced first-quarter results. What can you tell me about this?**

A. On May 7, 2009, AIG announced its first-quarter results. In total, AIG realized a \$4.35 billion loss, compared with a \$61.7 billion loss in the last quarter of 2008. AIG's first quarter 2009 results reflect its efforts, with the ongoing support of the Federal Reserve and the U.S. Treasury, to execute on its plans, which are designed to maximize the value of its core businesses and repay U.S. taxpayers. In addition, AIG is moving forward with its efforts to position its insurance companies as discrete businesses, for the benefit of all stakeholders, including policyholders, employees and distribution partners.

For more information, the full press release is available at [www.aig.com](http://www.aig.com).

**Q. What does the AIG restructuring mean to American General Life Companies?**

A. American General Life Companies now has the time and flexibility to wait for market conditions to improve and to explore all options available to the business. What will not change is our commitment to our policy holders. Strict regulations ensure that our insurance companies set aside sufficient assets to back up each insurance policy, and these companies remain well-capitalized. Policy holders will be fully protected throughout the restructuring process.

**Q. Would the sale of one or more of the insurers impact policy holders?**

A. No. The insurance policies written by one of our insurers are the direct obligations of that underwriting company – not AIG or any prospective buyer. The sale of an insurer does not change its obligations to its policy holders. Our commitment to customer service

remains the same, and we continue to strive to exceed your expectations in everything we do. Our customer service centers are available to assist you with questions or policy maintenance issues.

**Q. Someone has approached me about surrendering my insurance policy or annuity contract. What should I do?**

A. Be sure to have all the facts before making a decision about your insurance policy or annuity contract. Here are a few reasons why keeping your current policy or contract is likely the best choice for you:

- If you cancel your policy or contract, you may subject yourself to surrender charges that could diminish its cash value.
- If your health has changed since you bought your current insurance policy, a new policy could cost you more, or you may even be turned down for a new policy.
- If you are older now than when you purchased your current policy, your premiums will likely be higher.